No. 11769

IN THE

United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

ARTHUR E. H. BARILI,

Appellant,

vs.

ACHILLE BIANCHI and MARLO PACKING CORPORATION,

Appellees.

OPENING BRIEF FOR APPELLANT, ARTHUR E. H. BARILI.

ALAN FRANKLIN,
356 South Spring Street, Los Angeles 13,
Attorney for Appellant, Arthur E. H. Barili.

Parker & Company, Law Printers, Los Angeles. Phone TR. 5206.

TOPICAL INDEX

TABLE OF AUTHORITIES CITED

No. 11769

IN THE

United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

ARTHUR E. H. BARILI,

Appellant,

vs.

ACHILLE BIANCHI and MARLO PACKING CORPORATION,

Appellees.

OPENING BRIEF FOR APPELLANT, ARTHUR E. H. BARILI.

Preliminary Statement.

This is an appeal from paragraph 5 of the Final Judgment of the United States District Court, Northern District of California, Southern Division, ordering, adjudging and decreeing that the plaintiff (appellant) shall recover no damages or loss of profit from the defendants (appellees) by reason of their infringement of Letters Patent of the plaintiff. [Tr. pp. 27-29.] The District Court has jurisdiction under the patent laws of the United States because this is a suit in equity for infringement of letters patent for an invention, as alleged in the Complaint [Tr. pp. 2-4], and particularly as alleged in paragraph VI of the Complaint. [Tr. p. 3.] The Answer denies infringement of the patent in suit and sets up the defenses

of invalidity of said patent on several grounds, and the statute of limitations. The lower court at the conclusion of the trial on March 11, 1947 [Tr. p. 48], ordered the case submitted on briefs [Tr. p. 155], and did not file its Memorandum Opinion [Tr. pp. 20-23] until later, on July 9, 1947, in which opinion the court refused to allow damages or loss of profits to the plaintiff (appellant) and the court failed to assess damages, or cause the same to be assessed, in accordance with the Act of August 1, 1946, Public Law No. 587, 79th Congress, Sec. 4921, R. S. (U. S. C., Title 35, Sec. 70), and despite the prayer for an accounting for profits and damages in the Complaint. [Tr. p. 4.]

This Honorable Court has jurisdiction upon appeal to review the final judgment of the District Court, according to Section 128(a) of the Judicial Code, as amended (43 Stat. L. 936, 28 U. S. C. A., §225), and the Act of March 3, 1911, 36 Stat. 1091 (Judicial Code), Sec. 129 (U. S. C., Title 28, Sec. 227a).

> "An order denying an accounting is appealable."
>
> *O'Cedar Corp. v. F. W. Woolworth Co.*, 73 F. (2d) 366, p. 367.

Statement of Case.

This is a suit in equity for infringement of United States Letters Patent No. 1,844,142, issued to the plaintiff (appellant), Arthur E. H. Barili, February 9, 1932, for an invention in a Stuffed Pastry Machine. The Complaint prays for an accounting for profits and damages for infringement by the defendants (appellees) of said letters patent. [Tr. p. 4.]

There were two trials of the case in the lower court. The first trial was had on February 6, 1947, without

notice to the plaintiff (appellant) [Tr. pp. 7-8 and 42-43] and in the absence of the plaintiff and his counsel, and a Final Decree was entered February 7, 1947, in favor of the defendants, dismissing the Complaint, and ordering plaintiff to pay the defendants five hundred dollars ($500.00) for costs and counsel fees. [Tr. pp. 14-15.] On March 10, 1947, the lower court granted the plaintiff's (appellant's) Motion for Relief From Judgment and To Reset for Trial, and ordered that the second trial be set for the next day on March 11, 1947. [Tr. p. 19.] On March 11, 1947, the case was again tried with the plaintiff and the defendants, and their counsel present. [Tr. p. 48.] At the conclusion of said second trial the lower court ordered that the case stand submitted and that counsel file briefs, which was done. [Tr. p. 155.] On July 9, 1947, the lower court filed its Memorandum Opinion [Tr. pp. 20-23], in which the court held Claim 4 of the patent in suit valid and infringed by the defendants, and enjoined the defendants from further infringing the plaintiff's patent, but failed to order an accounting for damages to plaintiff as prayed in the Complaint, in view of the court's refusal to allow damages to the plaintiff for said infringement, on the ground that plaintiff had failed to produce evidence of any damages at the trial, before the court had rendered a judgment of infringement of the patent in suit. On August 1, 1947, the lower court entered its Final Judgment [Tr. pp. 27-29] in accordance with its aforesaid Memorandum Opinion, and in paragraph 5 of said Judgment the lower court ordered, adjudged and decreed that plaintiff shall recover no damages or loss of profit from the defendants by reason of their infringement of said letters patent. From paragraph 5 of said Final Judgment of the lower court the plaintiff (appellant) Arthur E. H. Barili appeals to this Honorable

Court for an accounting of damages in accordance with the prayer of the Complaint [Tr. p. 4] and the Act of August 1, 1946, Public Law No. 587, 79th Congress, Sec. 4921, R. S. (U. S. C., Title 35, Sec. 70).

Statement of Points Relied Upon.

The points asserted as errors of the trial court, upon which the appellant relies on his appeal to this Honorable Court, are [Tr. pp. 36-37] as follows:

1. In ordering the case to trial the day after setting aside a former judgment in favor of the defendants rendered on a former trial, of which plaintiff received no notice from the clerk of the court, and thereby depriving plaintiff of sufficient time to secure evidence of his damages sustained by plaintiff, by reason of the defendants' infringement of the plaintiff's patent in suit.

2. In not ordering an accounting of damages by the defendants to the plaintiff for defendants' infringement of the plaintiff's patent in suit.

3. In not awarding the plaintiff a reasonable attorney's fee in accordance with the Act of August 1, 1946, Public Law No. 587, 79th Congress, Sec. 4921, R. S. (U. S. C., Title 35, Sec. 70), in view of the defendants' wilful infringement of the plaintiff's patent.

ARGUMENT.

Point 1.

The first trial of the case in the lower court on February 6, 1947, without notice to the plaintiff's attorney, was a surprise to him, and when he went to San Francisco from Los Angeles to present his motion on March 10, 1947, for relief from judgment and to reset for trial [Tr. p. 15], he was not prepared to try the case on its merits, or to prove *at the trial* the damages sustained by the plaintiff by reason of the defendants' wilful infringement of the plaintiff's patent; and the order of the court setting the case for trial on March 11, 1947, the day after the hearing of said motion for relief, etc., was another surprise to the plaintiff's counsel, and he was certainly at a serious disadvantage in trying the case on such short notice. [Tr. p. 19.] Under the circumstances the plaintiff should be given an opportunity to prove his damages on an accounting.

Point 2.

At the conclusion of the trial of the case [Tr. p. 155], which covered only the issues of validity and infringement of the patent in suit, the court made no ruling or statement as to an assessment of damages, either by the court, or under the court's direction, by a master on an accounting, as required by Sec. 4921, R. S. (U. S. C., Title 35, Sec. 70), as amended August 1, 1946, and consequently plaintiff's counsel understood that no assessment of damages would be ordered by the court *unless and until* the court rendered its judgment of infringement of the patent

in suit, as required by the statute above cited. It would be idle for the court to assess damages, or to have the same assessed until the court first determined that the patent had been infringed, and rendered its judgment accordingly. The ruling of the court in its Memorandum Opinion [Tr. p. 23] in not allowing the plaintiff damages or an assessment of damages is contrary to the evidence and contrary to law. (Sec. 4921, R. S. (U. S. C., Title 35, Sec. 70).) The old case of *Garretson v. Clark,* 111 U. S. 120, cited by the court in its opinion, is not in point, because in that case there was an accounting and the court refused to allow damages because the evidence on the accounting was not sufficient to prove damages. In the case at bar the court refused to assess damages or cause the same to be assessed, for no valid reason whatever, and in refusing to do so the lower court is grossly in error.

> "It is far better practice . . . for the court to try issues determinative of liability and merely refer matters of accounting to the master."
>
> *O'Cedar Corp. v. F. W. Woolworth Co.,* 73 F. (2d) 366, p. 367.

Reference to a master in matters of account is the rule, and not the exception to the rule, in patent infringement suits in equity.

F. R. C. P., Rule 53(b).

Point 3.

In view of the wilful infringement of the plaintiff's patent by the defendants, and particularly by the defendant, Achille Bianchi, the plaintiff should be awarded a reasonable attorney's fee, in accordance with Sec. 4921, R. S. (U. S. C., Title 35, Sec. 70), as amended August 1, 1946.

The defendant Bianchi has infringed the plaintiff's patent since the date of issuance of the patent. In the year 1932 the plaintiff saw the first infringing stuffed pastry machine that Superba Packing Company was using and which was built by the defendant Bianchi. [Tr. pp. 60-62 and 101.] The Superba Packing Company settled with the plaintiff for this first infringement of his patent. [Tr. pp. 103-104.] The plaintiff then saw the defendant Bianchi who agreed not to make any more of the plaintiff's machines. [Tr. p. 62.] Bianchi at that time also had two rollers at his shop, and later the plaintiff found out that Superba Packing Company was using a small infringing machine with those rollers at the San Francisco World's Fair. [Tr. pp. 62-63.] The Superba Packing Company was a defendant in this suit and a consent judgment was taken against it by the plaintiff for its infringement of the plaintiff's patent in using said small machine with said rollers made by the defendant Bianchi. [Tr. pp. 55, 56, 62-65 and 143-145.] Another infringement of the defendant Bianchi was the stuffed pastry machine which he built and sold to the Riviera Packing Company in 1939 or 1940 or thereabout according to Bianchi's testimony. [Tr. pp. 94-95.] The plaintiff sued and secured a judgment against Riviera Packing Company for its infringing use of the machine which it bought from the defendant Bianchi. [Tr. pp. 55-60 and 84-85; see Plaintiff's Exhibit 3 for Identification.] The stuffed pastry machine, Defendants' Exhibit B for Identification, was built by the defendant Bianchi and sold to the defendant Marlo Packing Corporation, which defendant used said machine for at least half a year at great profit before it was sent back to Bianchi's shop to be cleaned. [Tr. pp. 97-99, 102, 66-67 and 88-92.] The plaintiff's patented machine is an automatic mass production ma-

chine for manufacturing stuffed pastry, such as ravoli, and there is no other machine like it in California except the infringing machines made by the defendant Bianchi. We have good reason to believe that the infringing machines above enumerated are not the only infringing machines made by the defendant Bianchi. Every machine built and sold by the defendant Bianchi caused the loss of a sale by the plaintiff of one of his own patented machines and loss of royalties for the use of said machines.

Conclusion.

In conclusion it is submitted:

1. That the Judgment of the lower court should be reversed, in so far as said Judgment ordered, adjudged and decreed that the plaintiff shall recover no damages from the defendants by reason of their infringement of the patent in suit, and that the lower court be ordered to assess or caused to have assessed the damages sustained by the plaintiff by reason of the wilful infringement of the defendants and that said damages be increased pursuant to Sec. 4921, R. S. (U. S. C., Title 35, Sec. 70), as amended August 1, 1946.

2. That the lower court be ordered to award a reasonable attorney's fee to the plaintiff, Arthur E. H. Barili, pursuant to Sec. 4921, R. S. (U. S. C., Title 35, Sec. 70), as amended August 1, 1946, in view of the aggravated case of infringement of the defendants, and the damages suffered by the plaintiff by reason of such infringement.

Respectfully submitted,

ALAN FRANKLIN,

Attorney for Appellant, Arthur E. H. Barili.